

UKIP PARLIAMENTARY RESOURCE UNIT

Opening the British Mind



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Executive summary

Many British universities are among the best in the world. But, in several key respects, Britain's higher education providers are not truly serving the best interests of students, taxpayers, or the country at large. Successive governments have failed to confront the real problems in the sector.

The current funding system for degrees – tuition fees financed by state-backed loans – has increased student numbers and graduate debt, but failed to improve graduates' professional prospects. Growing numbers of graduates are underemployed, working in jobs that either do not require a degree or do not make use of skills gained from higher education. As a result, the proportion of graduates unable to repay their student loan in full is rising, at the expense of taxpayers.

Research is constrained and misdirected by *dirigiste* central planning and funding. It is both overproduced – increasing in quantity, but decreasing in scope and readership – and homogenised – dictated by official orthodoxies that discourage innovation. An oligopoly of academic publishers takes advantage of an effective public subsidy to raise costs and restrict access to knowledge. Despite the rise in tuition fees, research is given precedence over teaching.

Academic freedom is under threat – thanks, in part, to contradictory legislation. The erosion of legal protections for free speech on campus has allowed concerns around offence and oppression to justify politically motivated censorship. This is often instigated by an illiberal academic elite, whose hegemony over academia has been bought at public expense.

These three issues are inherently related: the diminishment of graduate prospects, research diversity, and freedom of thought on campus is a direct result of the state's involvement in higher education. The government's latest reforms, set out in the white paper, *Success as a Knowledge Economy*, and introduced by means of the Higher Education and Research Bill, will do little to correct the fundamental problem of over-centralisation.

This paper will critique the government's reforms. It will argue that student choice and graduate returns can only be improved by recognising that competition is currently impeded by misstructured and excessive public subsidy and wrongheaded regulation.

In lieu of the government's reforms, this paper will propose to:

- Make tuition fees reflect value – by linking fee caps for individual courses to graduate earnings
- Boost applicant choice – by scrapping the five-choice cap on applications
- Diversify the sources of research funding
- Set open-access publication as a condition of public research funding
- Issue new guidance to restore the protection of free speech on campus

In addition, this paper will address misconceptions surrounding the future of higher education following the UK's vote to leave the European Union. The threat to research collaborations has been exaggerated, while many of the costs of the current system – in relation to the UK's budget contribution to the EU, the cost of EU student borrowers to British taxpayers, and the harm caused to British research by EU regulation – have been conveniently ignored.

Brexit offers opportunities to in higher education – both to resolve existing inequities, and to explore new international collaborations. A constructive way forward will be set out here.

I. Cracks in the ivory tower

1. Why the 'knowledge economy' isn't succeeding

Contrary to the government's white paper boast of 'Success as a Knowledge Economy', the higher education system is not working in the best interests of either students, or taxpayers, or employers. Successive governments have encouraged more school-leavers to attend university on the basis that they will earn more. Taxpayers and employers have been assured that an increasing proportion of graduates would be the basis for a high-tech, knowledge economy. But, for too many, that has proven to be a false promise. Graduate underemployment is rising, while the gap between graduate and non-graduate earnings is falling. Yet, despite a general oversupply of graduates, certain sectors face a skills shortage. Many students have been encouraged to take on debt with little prospect of paying it back, with the burden of the debt met by taxpayers. Indeed, the only beneficiary of the current system has been the universities themselves.

The root of the problem lies in the structure of the student finance. The availability of cheap credit incentivises too many to enter higher education, when many would gain more from entering employment directly. The uniform price of most degrees perpetuates the myth that higher education *per se* is a route to better employment prospects.

Far from increasing competition, the new reforms introduced via the Higher Education and Research Bill, such as the Teaching Excellence Framework, promise only to entrench central control. The fundamental problems of graduate underemployment, skills shortages, and costs to taxpayers will remain unresolved until tuition fees reflect the value of individual degrees.

a) Tuition fees: more money, less choice

Tuition fees have failed to facilitate the competition and choice that governments have promised. When the tuition fee threshold was raised in 2010, then Prime Minister David Cameron pledged that it would 'make our university system much more competitive.'¹ Criticising the way universities used the previous threshold, he said, 'almost all of them charge the maximum fee. That system simply doesn't introduce any genuine competition or choice.'² Yet, in this respect, the new system is no different from the old.

There is still virtually no price competition in undergraduate education. Almost all universities charge the maximum fee for undergraduates, initially set at £9,000 p.a. The Reddin Survey of Tuition Fees, published by The Complete University Guide, reports that 111 out of 115 universities in England planned to charge the maximum fee for all undergraduate courses in 2016/17.³

Tuition fees have also failed to deliver the promised improvements in the quality of higher education. David Cameron argued that raising the tuition fee cap 'puts real pressure on universities to drive up standards.'⁴ Yet the results show this is not happening either.

Increased student contributions are not delivering more or better teaching. Average student-staff contact hours have not increased in tandem with fees. The Higher Education Policy Institute's (HEPI) first Student Academic Experience Survey in 2006 found that the average student at an English university received 13.7 hours of scheduled teaching time per week.⁵ Yet the 2016 survey, covering universities throughout the UK, reported a weekly average of 13.49 contact hours – representing a slight

¹ Rt. Hon. David Cameron MP, 'PM's speech on education' (HM Government, 08/12/10): < <https://www.gov.uk/government/speeches/pms-speech-on-education> >

² Ibid.

³ 'Reddin Survey of University Tuition Fees 2016–17' (The Complete University Guide):

< <http://www.thecompleteuniversityguide.co.uk/university-tuition-fees/reddin-survey-of-university-tuition-fees/> >

⁴ Rt. Hon. David Cameron MP, 'PM's speech on education'

⁵ B. Bekhradnia, C. Whitnall & T. Sastry, *The academic experience of students in English universities* (HEPI, 10/2006) p.49.

fall since 2006, albeit a slight rise since 2014.⁶ Essentially, contact time has remained static. Which? University, which joined forces with HEPI to conduct the 2013 survey, stated in its report at the time:

*'Since 2006, when the first HEPI survey was conducted, students at English Institutions have seen a nine-fold increase in tuition fees. However our latest research finds no change in the amount of contact time, small group teaching or proportion of teaching delivered by academic staff and no apparent relationship between the fees students are being charged and what they receive.'*⁷

In fact, there is evidence to suggest that standards are falling. The rapid rise in the proportion of first-class degrees awarded indicates widespread grade inflation. In 2014/15, 22% of undergraduates were awarded first-class honours degrees, double the proportion awarded 2004/5.^{8 9}

The failure of increased fees to deliver more choice or higher standards means that, from the perspective of students, value for money is decreasing. In fact, the cost of higher education arguably exceeds the reward for many students, including the impact on their subsequent employability.

b) Diminishing returns

While higher education participation rates have risen significantly, the professional value of higher education has not followed suit. Between 2006/7 and 2014/15 (latest figure currently available), the higher-education initial participation rate in England increased from 42% to 48%, reaching a high of 49% in 2011/12.¹⁰ However, over the same period, the differential between graduate and non-graduate earnings has fallen, from 55% in 2006 to 45% in 2015 (see figure 1), as non-graduate earnings have risen faster than graduate earnings (see figure 2).

Figure 1: Earnings differentials, 16-64 year olds, Q1 2006 – Q1 2015 (BIS):¹¹

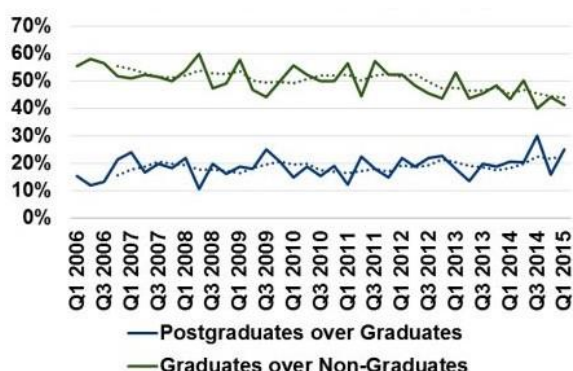
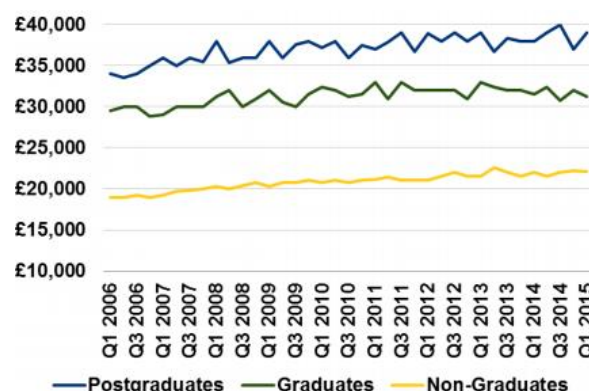


Figure 2: Median salaries, working age population, 16-64 year-olds (BIS):¹²



Substantial evidence suggests growing numbers of graduates are underemployed: performing work that does not require higher education, and in which their education offers minimal added value. A recent report by the Chartered Institute of Personnel and Development (CIPD) on the graduate labour market states that 'the UK has witnessed one of the highest rates of higher education expansion across Europe over recent decades, but has not seen an increase in high-skill jobs matching that expansion.'¹³ Instead, graduates are increasingly filling roles that used to be performed by non-graduates. In occupations that employed very few graduates in the early 1990s, graduates now comprise a major

⁶ J. Neves & N. Hillman, *The Student Academic Experience Survey 2016* (HEPI/HEA, 09/06/16) p.19.

⁷ *The Student Academic Experience Survey* (Which?, 05/2013) pp.2-3.

⁸ 'Statistical First Release 224', (HESA, 14/01/16).

⁹ 'Statistical First Release 94', (HESA, 10/01/06).

¹⁰ 'Participation Rates in Higher Education: Academic Years 2006/2007 – 2014/2015 (Provisional)' (Department for Education, 15/09/16): < https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/552886/HEIPR_PUBLICATION_2014-15.pdf >

¹¹ 'Graduate Labour Market Statistics January-March Q1 2015' (Department for Business, Innovation & Skills):

<https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/432873/BIS-15-304_graduate_labour_market_statistics-January_to_March_2015.pdf>

¹² *Ibid.*

¹³ C. Holmes & K. Mayhew, 'Over-qualification and skills mismatch in the graduate labour market' (CIPD, 08/15) p.4.

share of the workforce. Citing data from the European Social Survey, the CIPD claims that the proportion of UK graduates in non-graduate roles is as high as 58.8%.¹⁴

Moreover, although the CIPD report acknowledges that some former non-graduate occupations have been upskilled or upgraded, due to a real increase in demand for graduate-level skills, it argues that this is not the norm. It highlights that many employers requiring graduate applicants may be using degree qualifications only as a screening device, stating: 'The simplest interpretation of this development is that HE is acting as a filtering device to identify the most able individuals and that these individuals are no more or less productive in such jobs than their mother or fathers.'¹⁵ The report suggests that there may be widespread malinvestment in higher education, concluding:

*'Policymakers need to scrutinise the range of courses offered by the HE sector and seriously consider the social and private returns to them... Our findings suggest that the presence of a large HE sector will not necessarily lead to the attainment of the knowledge economy so beloved by successive UK governments.'*¹⁶

In sum, a degree is not an automatic passport to a better job, and increasing the proportion of school leavers gaining degrees does not necessarily create a high-skilled workforce.

c) Rising debt

Because the employment premium from higher education is falling, the financial burden on students is rising. With most universities charging the full £9,000 p.a. fee allowed by the new cap introduced in 2012, student debt has increased dramatically. The Institute for Fiscal Studies (IFS) estimates that, under the current system, the average student loan debt per graduate is set to rise by nearly £20,000 – from £24,754 under the old cap to £44,035 under the new in 2014 prices.¹⁷

New reforms will intensify the debt burden on students. Index-linked fee rises at some universities under the Teaching Excellence Framework (see section 1h below) and the abolition of the maintenance grant for students from low-income backgrounds from September 2016 will lead to even higher borrowing in future.¹⁸ Concurrently, the five-year cash-terms freeze (i.e. real-terms reduction) in both the repayment threshold and the upper interest threshold for borrowers subject to the £9,000 cap from April 2016 will entail higher repayments.¹⁹

The ratio of debt to earnings is already so high that – notwithstanding the threshold freeze – a growing proportion of students will never repay the full cost of their education. The IFS predicts that 73% of graduates will have some of their loan written off at the end of the repayment period, compared to 32% under the old system. Consequently, the average repayment is likely to be £35,446 in 2014 prices – almost £9,000, or one year's worth of education at maximum fees, short of the initial capital.²⁰ Taxpayers, therefore, will have to cover the deficit.

d) Short-changing the taxpayer

Raising the fee cap was supposed to shift the burden of funding higher education toward students, and away from taxpayers.²¹ However, given the proportion of debt that will not ultimately be repaid, there

¹⁴ Ibid. p.15.

¹⁵ Ibid. p.28.

¹⁶ Ibid. p.29.

¹⁷ C. Crawford & J. Wenchao, 'Payback Time?' (IFS, 04/2014) p.2.

¹⁸ Summer Budget 2015 (HM Treasury): <<https://www.gov.uk/government/publications/summer-budget-2015/summer-budget-2015>>

¹⁹ 'Freezing the student loan repayment threshold: Government response' (Department for Business, Innovation & Skills, 11/2015) p.22.

²⁰ Crawford & Wenchao p.2.

²¹ Rt. Hon. David Cameron MP, 'PM's Speech on Education'

is evidence to suggest that is not happening. Instead, both public liability and student liability are growing simultaneously, as the total cost of higher education rises.

The government has consistently underestimated repayments from student loans. In its 2013 report on student loan repayments, the National Audit Office (NAO) stated that 'as student loans have become more complex, BIS has found it increasingly difficult to forecast repayments.'²² It noted that the shortfall between forecast and actual repayments rose to 17% in 2009, and that, even after the implementation of a new forecasting model in 2011, it remained between 7% and 9% in 2011 and 2012.²³ The gap shrunk to 2.5% in 2013-14, although that still represented a shortfall of £1.6 billion.²⁴

Long-term repayments, however, remain uncertain. From 2010 to 2015, the government's estimates of the proportion of total loans never to be repaid, expressed as the Resource Accounting and Budgeting (RAB) charge, was revised upward almost annually. Prior to introducing the higher fee cap, the government estimated that the RAB charge for the new loans would be 28%.²⁵ By 2013, due in part to annual rises in the repayment threshold, its estimate had risen to 35%.²⁶ In evidence to the Public Accounts Committee that year, the Department of Business, Innovation & Skills (BIS) admitted it could rise to 40%.²⁷ By June 2014, the department's estimate had risen to 46%.²⁸ The latter figure is significant, since research by the Higher Education Policy Institute (HEPI) calculates that, if the RAB charge exceeds 47%, the new fee cap will be more costly to the taxpayer than the old.²⁹

Indeed, HEPI's report suggested that the real charge could be far above 47%. It argued that the model then in use relied on overoptimistic assumptions, such as that average male graduate earnings would increase to £99,500 in 2016 prices by the end of the repayment period. Consequently, HEPI estimated that a RAB charge of 50% or higher would be 'quite possible'.³⁰ In its 2014 report, the Public Accounts Committee made the same point, noting: 'the forecasts assume, for example, that rates of wage growth seen in the last three decades will continue, despite recent evidence on graduate pay suggesting this may be unrealistic.'³¹

The overestimation of repayments was the main reason behind the freeze in the repayments thresholds. The government estimates that the freeze will raise an extra £3.2 billion from existing borrowers, and an extra £900 million per £15 billion of new loans.³² Yet, in its consultation on the issue, BIS acknowledged that repayments were still likely to be lower than expected when the £21,000 lower threshold was initially set, stating:

*'Updated forecasts based on the OBR's latest projections for the macro-economy show the proportion of borrowers liable to repay when the £21,000 threshold takes effect in April 2016 is slower than was expected when the decision to raise the threshold was made. The threshold is therefore higher in real terms than was originally intended, which increases the long-term costs of the higher education system to the tax payer.'*³³

Because of the repayment shortfall, and the difficulty in predicting it, taxpayers would likely incur significant costs even if the student loan book were privatised. The Public Accounts Committee judged that the lack of an accurate and reliable repayment forecasting model is a major impediment to a sale,

²² A. Morse (Comptroller and Auditor General), 'Student Loan Repayments' (National Audit Office, 26/11/13) p.35.

²³ Ibid.

²⁴ 'Student Loan Repayment for Sustainable Higher Education' (HM Government, 02/2016) p.11.

²⁵ Morse, 'Student Loan Repayments', p.15

²⁶ Ibid.

²⁷ 'Student Loan repayments' (House of Commons Public Accounts Committee, 10/02/14) p.9.

²⁸ 'Funding per student in higher education' (Department for Business, Innovation & Skills, 06/2014) p.3 (footnote).

²⁹ J. Thompson & B. Bekhradnia, 'The government's proposals for higher education funding and student finance – an analysis' (HEPI, 11/11/10) p.3.

³⁰ Ibid.

³¹ 'Student Loan repayments' (Public Accounts Committee) p.9.

³² 'Freezing the student loan repayment threshold' (Department for Business, Innovation & Skills, 07/2015) p.17.

³³ Ibid. p.3.

which renders it likely that the loan book could only be sold at a loss to the taxpayer.³⁴ Selling the loans at a loss would not be unprecedented: the remaining 'mortgage-style' student loans dating from the 1990s (repaid by fixed instalments, unlike the income-contingent loans now issued) were sold to private investors in 2013 for £160 million, despite bearing a face value of £890 million.³⁵

The government now estimates the RAB charge at between 20 and 25%; yet this largely reflects an accounting adjustment. In the Whole of Government Accounts 2015/16, the government revised down the discount rate from RPI+2.2% to RPI+0.7%, in order to bring it in line with the current cost of borrowing. The OBR explains that three quarters of the revision is due to this reduction, while only a quarter reflects the freeze in the repayment thresholds.³⁶

While some, notably former higher education minister David Willetts, have argued that the previous discount rate undervalued the student loan book, the reduction may overvalue it.³⁷ It is unreasonable to expect gilt yields to remain at record lows; indeed, they are already rising. If they continue to rise, the discount rate would likewise need to be revised upward. It would be unwise, therefore, to regard the current RAB as an accurate expression of the long-term cost to the taxpayer.

There is, in sum, no guarantee that post-2012 loans, capped at £9,000 p.a., will be less costly to the taxpayer than the pre-2012 loans, capped at £3,000. Recent revisions to the RAB charge, based on a short-term reduction in the discount rate, are not an indicator of the long-term sustainability of the student loan system.

e) The skills gap

Despite graduate underemployment, skills shortages in several technical industries are endemic. Engineering, information technology, nursing, and accountancy are consistently among the graduate professions suffering labour shortages, according to the Recruitment and Employer Confederation's monthly report on jobs.³⁸ Digital technology and healthcare are also among the professions recently investigated at the government's behest by the Migration Advisory Committee for inclusion on the Shortage Occupations List.³⁹

The coincidence of graduate underemployment and skills shortages attests that many prospective applicants are not aware of how their course and university choice affects their likely employability. Instead of encouraging applicants to study subjects that are in the highest demand, the system invites them to obtain skills and qualifications offering limited employment prospects, as taxpayers bear much of the cost. The higher education system has created perverse incentives.

f) Producer capture

For students, taxpayers, and arguably employers, the costs of higher education increasingly outweigh the benefits. Yet there is one party that reaps the benefits but incurs none of the costs: the universities themselves.

Despite complaints about funding cuts and tuition fee rises from lecturers' unions and vice-chancellors, the university sector has been the primary beneficiary of recent higher education policy. The university sector runs a growing surplus, amounting to £1.85 billion in 2014/15, compared to £149 million in

³⁴ 'Student Loan repayments' (Public Accounts Committee) p.5.

³⁵ Ibid. p.10.

³⁶ 'Fiscal sustainability analytical paper: Public sector balance sheet' (Office for Budget Responsibility, 07/2016) p.20.

³⁷ D. Willetts, 'Sustainable university funding: David Willetts on the next steps', *Times Higher Education* (18/06/15).

³⁸ See e.g. 'Report on Jobs: March 2015', REC/Markit/KPMG, 10/04/16, §5; 'Report on Jobs: June 2015' (REC/Markit/KPMG, 08/07/15) §5.

³⁹ 'Partial review of the Shortage Occupation Lists for the UK and for Scotland' (Migration Advisory Committee, 02/2015).

2004/5, representing a rise of 1142% over the decade.^{40 41} Total university income rose from just under £18 billion in 2004/5 to over £33 billion in 2014/15, an increase of 85%.

The number of staff employed in higher education institutions rose by 17% in the decade since 2004/5, from 346,000 in 2004/5 to 403,000 in 2014/15. Yet though the total number of students in 2014/15 (2.27 million) was only 1.3% higher than it was in 2004/5 (2.24 million), and the total number of undergraduates fell from 1.75 million in 2004/5 to 1.72 million in 2014/15.^{42 43}

In light of unchanged contact time since 2006, it is noteworthy that university income just from tuition (tuition fees [including from non-EU students], education contracts, and funding-council teaching grants) has risen by 97% over the last decade, from £9 billion in 2004/5 to almost £18 billion in 2014/15.⁴⁴ Tuition income comprised 54% of total university funding in 2014/15, as opposed to 50% in 2004/5.⁴⁵

In short, the higher education system increasingly serves the interest of its providers at the expense of the people who pay for it.

g) Rigged market

The government's higher-education white paper, the basis for the Higher Education and Research Bill, set out to 'introduce more competition into the system.'⁴⁷ Yet missing from the white paper was a cogent analysis of why the current system privileges the interests of universities over those of students and taxpayers, and fails to operate as a functional market.

i. The UCAS cartel

If increasing student fees hasn't increased student choice as the government expected, it may partly be because competition between universities remains systemically restricted. UCAS allows prospective applicants to apply to only five universities. By preventing applicants from choosing as many institutions as they want, the UCAS application system diminishes choice and cuts the chances of admission, while increasing a university's chances of having an offer accepted. Students compete for universities, but universities do not have to compete for students. UCAS enables universities to act as a cartel.

ii. The price isn't right

The fundamental driver of perverse incentives for university applicants is a dysfunctional pricing mechanism. A functional pricing system is informative. Differences in price ordinarily represent differences in value among various options for allocating resources. By contrast, the uniform fees for most degrees obscure their true value. Although different universities and courses entail large divergences not only in teaching hours and workload but also the future employability of graduates, none of this is reflected in the £9,000 price for most universities and most courses. Uniform pricing not only restricts choice; it prevents informed choice.

⁴⁰ *Finances Introduction 2014/15* (HESA), Chart 1: <<https://www.hesa.ac.uk/intros/financesintro1415>>

⁴¹ *Finances Introduction 2013/14* (HESA) Chart 1: <<https://www.hesa.ac.uk/circulars/288-statistics/intros/3579-financesintro1314>>

⁴² 'Free Online Statistics - Staff, General Staff Numbers' (HESA): <<https://www.hesa.ac.uk/data-and-analysis/staff>>

⁴³ 'Free Online Statistics - Students & qualifiers, General Student Numbers' (HESA):

<https://www.hesa.ac.uk/index.php?option=com_content&view=article&id=1897&Itemid=634>

⁴⁴ 'Income of UK HE providers by source of income and location of HE provider 2014/15', *HESA Finance Statistics Record 2016* (HESA, 2016).

⁴⁵ 'Income of UK HE institutions by source and location of institution 2004/05' (HESA, 2006).

⁴⁶ *Ibid.*

⁴⁷ 'Success as a Knowledge Economy', p.23.

iii. Moral hazard

At the core of the higher education system, there is moral hazard. Higher education providers bear none of the risk if the promise of professional value that they make to students is not realised. Consequently, degrees are detached from the interests of the people who pay for them.

Universities charge the same because there is no incentive for them to do otherwise. Because universities do not bear the risk of degrees that disadvantage graduates, they have no cause to price degrees based on their professional utility, and there is no mechanism for doing so. Until universities share the risk, through a functional, information-based pricing mechanism, their interests will continue to be misaligned with those of students, taxpayers, and employers.

h) The wrong remedies: critiquing the Higher Education and Research Bill

The Higher Education and Research Bill introduces two main measures to increase student choice. However, neither adequately addresses the key constraint on choice – namely, uniform fees.

First, the Bill aims to remove barriers to entry for new providers. It will transfer control over the process that grants university status and degree awarding powers from the Privy Council to the newly established Office for Students, which will merge the regulatory functions of HEFCE and the Office for Fair Access (OFFA), and deregulate higher education corporations. New universities, it is intended, will subsequently be easier to establish.⁴⁸

Supply-side deregulation may give applicants greater choice between institutions; but there is little reason to believe it will lead to price competition. According to the most recent figures available, there are 161 publicly funded higher education providers, offering thousands of courses between them.⁴⁹ The homogeneity of fees across these courses cannot be explained by a constraint on supply.

Second, the Bill will empower the Office for Students to assess teaching through the new Teaching Excellence Framework (TEF). TEF, which was administered by HEFCE on a trial basis in 2016, will assess university teaching according to various 'core metrics', including National Student Survey responses, the proportion of graduates in employment or further study, and measures of progression to high-skilled professions, in addition to evidence submitted by universities.⁵⁰ Initially, universities will then be awarded one of three ratings (potentially rising to four in subsequent years): 'Meets Expectations', 'Excellent', or 'Outstanding'.⁵¹ Universities obtaining the best results will then be allowed to raise their fees in line with inflation. In theory, therefore, TEF will incentivise universities to compete on the quality of their teaching, thereby raising the overall standard.⁵²

There is, however, reason to be sceptical that TEF will succeed in increasing competition. The assessment is crude. Not only will there be only three (or ultimately four) grades, but distinctions will be made only between universities, not between different courses within a university. TEF will not, therefore, significantly help prospective applicants to differentiate between universities, because it will barely distinguish between them itself.

In attempting to boost competition with new reforms, the Government has effectively acknowledged that raising the fee cap six years ago failed to do so, despite David Cameron's assurances at the time. However, the latest measures are no more likely to succeed. The root of the constraint on choice lies in the way degrees are funded. Choice can only be increased through reform of the funding mechanism.

⁴⁸ 'Higher Education and Research Bill: factsheet', Department for Business, Innovation & Skills, pp.2-3.

⁴⁹ 'Introduction - Higher Education Statistics 2014/15', HESA: < <https://www.hesa.ac.uk/data-and-analysis/publications/higher-education-2014-15/introduction> >

⁵⁰ 'Success as a Knowledge Economy' p.41.

⁵¹ *Ibid.* p.44.

⁵² *Ibid.* p.41.

2. Knowledge factories

Research is considered to be a public good; yet, too often, it no longer contributes to either the public interest or intellectual progress. Many research papers are never read or cited. Rather than promote new ideas that break existing paradigms, the centralised mechanism for awarding research funding favours short-term, marginal impact and entrenches existing orthodoxies. Moreover, research is encouraged at the expense of teaching.

Indeed, much like funding for tuition, public subsidy for research has encouraged producer capture. Not only is there evidence of universities gaming the funding system, but commercial publishers profit from both from publishing subsidised papers they do not have to commission and charging university libraries for access. These undesirable features of modern research are the unintended consequences of overreliance on the public purse for research funding.

a) Overproduction line

The quality of a research paper is often judged by the number of citations it receives; yet much of the research currently produced in academia around the world is never subsequently cited. A recent statistical examination of papers published globally up to 2005, using several different metrics, has shown that a high proportion of papers in several fields are never subsequently cited. It records that, for papers published in 2002, over 10% of medical papers, over 25% of natural science papers, 30% of social science papers, and fully 80% of humanities papers remained uncited anywhere five years after publication.⁵³ In 2005, 33% of medical papers, 28% of natural science papers, 28% of social science papers, and just 7% of humanities papers accounted for 80% of all citations.⁵⁴

The focus on producing research papers is does not necessarily reflect its utility or value, but rather its funding. In the UK, public funding for research comprises a major part of universities' revenue. Income from public sources – including the seven research councils, the four higher education funding councils, the EU, direct grants from central government and health authorities, and the Royal Society and British Academy (which receive grants from central government) – amounted to £5.9 billion in 2014/15, or 18% of total income for the higher education sector.⁵⁵ ⁵⁶ This represents a rise in both absolute and relative terms from a decade earlier. In 2004/5, public research funding from the same sources totalled £3.1 billion, or 17% of overall revenue for the sector.⁵⁷

One of the major incentives behind research output in the UK is not the social benefit it may generate but the billions of pounds of public subsidy that it can command. The volume of resources put towards research is a function of the funding model – and overproduction is only one of its unwelcome effects. Another is its impact on teaching.

b) Crowding out teaching

The subordination of teaching to research has attracted substantial criticism, not least from ministers. Introducing the Government's higher education reforms last year, the minister responsible, Jo Johnson, complained that 'teaching has regrettably been allowed to become something of a poor cousin to research in parts of our system.'⁵⁸ In his study commemorating the fiftieth anniversary of the Robbins Report, Johnson's predecessor, David Willetts, observed that despite the huge growth in the number of

⁵³ V. Larivière, Y. Gingras, É. Archambault, 'The decline in the concentration of citations, 1900–2007', *Journal of the American Society for Information Science and Technology* 60 (2009) p.4: <<http://arxiv.org/ftp/arxiv/papers/0809/0809.5250.pdf>>

⁵⁴ Ibid.

⁵⁵ 'Income of UK HE providers by source of income and location of HE provider 2014/15', *HESA Finance Statistics Record 2014/15* (HESA, 2015).

⁵⁶ 'Table G - Income from research grants and contracts 2014/15', (HESA, 2016).

⁵⁷ 'Table 1 - Income of UK HE institutions by source and location of institution 2004/05' (HESA, 2006).

⁵⁸ 'Universities criticised over poor quality teaching', (BBC, 09/09/15): <<http://www.bbc.co.uk/news/education-34197403>>

students in higher education, the emphasis of the older, most prestigious universities has shifted away from teaching:

*'At the time of Robbins, universities reported a teaching:research split of 55:45.... the teaching:research split for the universities that existed when Robbins reported is now around 40:60... Given the growth in the number of students, even at these older institutions, it is surprising that the proportion of total academic time devoted to teaching them appears to have fallen from 55 per cent to 40 per cent.'*⁵⁹

The prioritisation of research is the result of its separate funding stream. As Willetts acknowledged, 'universities have focused primarily on research because that is where the funding and prestige came from, and where the competition was strongest.'⁶⁰

Rather than reverse the trend, however, the process by which research funding has recently been allocated may have reinforced it. The 2014 REF assessment took no account of the effect of research on teaching within the university at which the research was undertaken; indeed, the 'impact' component specifically excluded it.⁶¹ It is difficult to envisage the status of teaching rising significantly without a reconsideration of the structural competition between teaching and research embedded in the funding model.

c) Rise of the administrators

A further unwanted consequence of public research funding is academic bureaucracy. According to polls, proliferating administration is the top irritant of modern academics. In 2006, over 40% of respondents to a survey by the University and College Union (UCU) cited 'bureaucracy or external influence' as the worst aspects of their jobs.⁶² A more recent UCU survey on the Research Excellence Framework (REF) found that 67% of academics felt unable to complete both the demands of the REF and their primary duties within normal working hours.⁶³

The bureaucracy surrounding research funding in particular consumes not only the time of academics but also increasing sums of public money. HEFCE's review of the 2014 Research Excellence Framework found that the entire exercise cost £246 million, of which £232 million was incurred by universities and £14 million by the funding bodies.⁶⁴ Even this may be an underestimate. An independent, albeit informal, study claims that the cost for universities is much greater than official figures acknowledge, suggesting the total bill may exceed £1 billion.⁶⁵ By comparison, REF's previous incarnation, the 2008 Research Assessment Exercise, officially cost £66 million.⁶⁶

The other main pole of public research funding, the seven research councils, also generate substantial administrative expenditure. The most recent official triennial review of the research councils in 2014 reported total administrative costs of £130 million, or 3.7% of the total spend.⁶⁷ Yet this does not include a further £410 million spent on 'research and policy staff.'⁶⁸ As the report acknowledges, it also fails to account for the costs incurred by universities, especially since 75% of research funding applications are rejected.⁶⁹

⁵⁹ D. Willetts, 'Robbins Revisited: Bigger and Better Higher Education' (Social Market Foundation, 2013) pp. 38-39.

⁶⁰ *Ibid.*, p.36.

⁶¹ 'Assessment framework and guidance on submissions' (REF 2014, 07/2011) p.26.

⁶² 'Bureaucracy is killing higher education warns poll' (UCU, 02/11/06): <www.ucu.org.uk/article/2139/Bureaucracy-is-killing-higher-education-warns-poll?list=1676>

⁶³ 'The Research Excellence Framework (REF) UCU Survey Report' (UCU, 10/2013) p.37.

⁶⁴ 'REF Accountability Review: Costs, benefits and burden' (HEFCE/Technopolis, 07/2015) p.1.

⁶⁵ P. Jump, 'Academic estimates 'real' cost of REF exceeds £1bn', *Times Higher Education*, (12/02/15): <www.timeshighereducation.com/news/academic-estimates-real-cost-of-ref-exceeds-1bn/2018493.article>

⁶⁶ 'REF Accountability Review' p.8.

⁶⁷ 'Triennial Review of the Research Councils: Final Report' (Department for Business, Innovation & Skills, 04/2016) p.35.

⁶⁸ *Ibid.*

⁶⁹ 'Triennial Review of the Research Councils: Final Report', pp. 53-54.

Even the Government's plan to 'reduce bureaucracy' may come at substantial cost.⁷⁰ The intention, outlined in the Higher Education white paper, to integrate both the research councils, HEFCE's research functions, and Innovate UK under the new UK Research and Innovation actually risks increasing bureaucracy. Although the councils will retain their independence, UKRI will create a further layer of corporate governance. The triennial review of the research councils commissioned by the Department of Business, Innovation and Skills counselled against such an amalgamation, stating:

*'There was little evidence that rationalisation of the number of Research Councils or merger into one large body would deliver more effective working or efficiencies. There was, however, evidence of significant costs associated with merging Councils, based on experience from previous mergers.'*⁷¹

Academics critical of the extent of bureaucracy often blame the 'corporatisation' of universities.⁷² Yet underlying much of the criticism of academic bureaucracy is a reluctance to accept that it originates with the state. By dint of their dependence on public funding, universities are beholden to whatever process the government chooses to attach to the money it provides. That affects not only the daily lives of researchers, but the nature of research, and the structure of universities.

d) Wages of conformity

By keeping decisions as to how to spend public research funds at arm's length from ministers, as per the Haldane Principle, research funding is supposed to be apolitical.⁷³ But the prevention of ministerial interference does not necessarily entail the absence of an agenda, political or otherwise, imposed through the *dirigisme* of central funding bodies.

Some funding body policies are demonstrably political. HEFCE, for example, has prioritised sustainable development.⁷⁴ This entails, 'reducing environmental impacts, including carbon emissions, and other aspects of eco-campus management,' and 'helping higher education institutions to contribute to the growth of the 'green technologies' sector of the economy, through research and knowledge exchange.'⁷⁵ Consequently, certain avenues of scientific enquiry are marginalised. 'As a result,' writes Joanna Williams in *Academic Freedom in an Age of Conformity*, 'there is apparently no room within the academy for the so-called "climate contrarian" Bjorn Lomborg's proposal to consider the role of technology in ameliorating the effects of climate change rather than trying to prevent them from occurring.'⁷⁶

Yet more pervasive than the imposition of a particular agenda is the broader encouragement of conformity engendered by the funding model. The REF's focus on both multiple outputs and demonstrable impact is liable to favour short-term over long-term projects, and discourages ambitious, long-term innovation.⁷⁷

Rather than promote research that challenges the existing orthodoxy, the REF tends to reinforce it. Precisely because the allocation of funding is undertaken by researchers, the division between the assessors and the assessed is blurred. Since sub-panel chairs were asked to include letters of endorsement from subject associations, and sub-panel members were appointed on the advice of the

⁷⁰ 'Success as a Knowledge Economy', p.68.

⁷¹ 'Triennial Review of the Research Councils: Final Report', p.7.

⁷² See e.g. C. Brandist, 'The risks of Soviet-style managerialism in UK universities,' *Times Higher Education* (05/05/16); E. Glaser, 'Bureaucracy: why won't scholars break their paper chains?', *Times Higher Education* (21/05/15); B. Ginsberg, *The Fall of the Faculty: The Rise of the All-Administrative University and Why it Matters* (OUP, United States, 2011) p.29; pp.32-33.

⁷³ 'Eighth Report: Putting Science and Engineering at the Heart of Government Policy' (Innovation, Universities, Science and Skills Committee, 08/07/09) §138.

⁷⁴ 'Sustainable development in higher education: HEFCE's role to date and a framework for its future actions' (HEFCE, 12/2014) p.2.

⁷⁵ *Ibid.* p.4.

⁷⁶ J. Williams, *Academic Freedom in an Age of Conformity* (Palgrave Macmillan, UK, 2016) p.58.

⁷⁷ See e.g. D. Matthews, 'REF "leads to short-term research approach,"' *Times Higher Education* (04/03/16).

chairs, REF assessors reflected the academic establishment, and its priorities.⁷⁸ This fosters homogeneity in research proposals, and the hegemony of a particular point of view. Thus Prof. Derek Sayer of Lancaster University argues:

*'The most innovative work – the research that breaks molds [sic], shifts paradigms and redefines fields – may not even make it into the REF at all because universities tailor their submissions to what they think REF panels want, and REF panels reflect disciplinary hierarchies.'*⁷⁹

The structure of public research funding, much like tuition fees, thus encourages producer capture. That affects not only what kind of research receives funding, but how institutions use the funding system.

e) Gaming the system

Accessing research funding has itself become a primary goal for universities. 'These days,' writes the Institute of Education's Peter Scott, 'universities' main objective is to achieve better REF grades, not to produce excellent science and scholarship.'⁸⁰ Consequently, not only are resources directed toward funding applications (especially for the REF), and away from teaching and research, but universities are incentivised to manipulate their submissions to maximise their funding.

Anecdotal evidence of 'gaming the system' in the REF is substantial. As Prof. Scott highlights, some universities have recruited high-performing researchers on short-term part-time contracts, while moving other academics to teaching-only contracts, in order artificially to inflate the quality of their researchers.⁸¹ A *Times Higher Education* investigation in 2013 revealed that the number of 20%-time contracts had risen by two thirds in the two years since 2011.⁸² A new industry, 'impact consultancy,' caters to universities seeking to embellish the social benefits of their research output.⁸³ The extent of 'gaming' is significant enough that it has been raised in the official review of the REF, conducted by Lord Stern.⁸⁴

What enables research funds to be misappropriated in this manner is not only the bureaucratic mechanism for awarding research funding, but the amount of funding available. The potential reward – or loss – is so great that ensuring a successful funding application becomes more urgent than research and teaching. This is not the only way in which research funding is misused.

f) The publishing cartel

The digital revolution should have opened up academic research to a wider audience than ever before. Digitisation decreases the marginal cost of publication virtually to zero, and should therefore make open access the norm. But instead, costs of access are increasing, as a shrinking pool of publishers continually raises fees, thereby consuming university library budgets and, by extension, public funding. Moreover, the citation-focused model of research funding is enabling them to do so.

Academic publishing is now controlled by an oligopoly. A recent study of over 45 million academic articles published worldwide between 1973 and 2013 by three researchers at the University of Montreal's School of Library Science has shown that five publishers have progressively acquired a market share of over 50%.⁸⁵ In 1973, the top five journal publishers in the natural sciences accounted

⁷⁸ 'Units of assessment and recruitment of expert panels' (REF, 07/2010) §43 & §52.

⁷⁹ D. Sayer, 'Five reasons why the REF is not fit for purpose,' (*Guardian*, 15/12/14).

⁸⁰ P. Scott, 'Why research assessment is out of control', *Guardian* (04/11/13).

⁸¹ Ibid.

⁸² P. Jump, 'Twenty per cent contracts rise in run-up to REF,' *Times Higher Education* (26/09/13).

⁸³ H. Swain, 'Research funding emphasis on 'impact' spawns a new industry,' *Guardian* (12/11/13).

⁸⁴ 'Lord Stern's review of the Research Excellence Framework: Call for evidence' (BIS, 2016) p.4.

⁸⁵ V. Larivière, S. Haustein, P. Mongeon, 'The Oligopoly of Academic Publishers in the Digital Era', *PLoS ONE* 10 (6) (10/06/15) p.1.

for only 20% of papers published; in the social sciences and humanities, the proportion published by the top five was even lower – under 10%.⁸⁶ Yet by 2013, this had increased to more than half in both fields.

The new oligopoly, the study observes, is the reason for continual increases in the cost of journal access in spite of decreases in the cost of production.⁸⁷ Given that the marginal cost of production, in the digital era, is virtually zero, that online journals are non-rival goods that enable multiple, simultaneous access, and that publishers continue to pay nothing either to authors or peer reviewers, journal access should have become progressively cheaper.⁸⁸ Fees have risen only because of the asymmetrical bargaining power between libraries – the main subscribers – and publishers, which allows the latter to insist on subscribers taking an entire set of journals rather than a few specific titles.⁸⁹

Research libraries in the UK are indeed spending increasing sums on journals as opposed to books as a result of the publishing oligopoly. Figures sourced by Sir Timothy Gowers FRS from the Chair of Research Libraries UK show that, between 2001 and 2009, mean expenditure on journals rose by 82%, while mean expenditure on books rose by only 0.17% - i.e. suffered a real-terms cut; indeed, between 1999 and 2009 the proportion of library budgets spent on books fell from 11% to 7%.⁹⁰ Freedom of information requests sent by Sir Timothy to all 24 Russell Group Universities reveal that, as of 2014, they collectively spend over £17 million, excluding VAT, on subscriptions to Elsevier journals alone.⁹¹

It is unsurprising, therefore, that publisher profits have rapidly risen. Reed Elsevier's profit margin, for example, increased from 17% in 1990 to 23% in 2013, with absolute profits rising from \$665 million to well over \$2 billion.⁹²

While the growth of the oligopoly owes primarily to the rapid acquisition of journals by the largest publishers beginning in the late 1990s, it is also aided by the mechanism by which public research funding is awarded. The use of citation metrics as a means of assessing research, as for example in elements of the output section of the REF, increases the significance attached to publication in major journals.⁹³ This may be exacerbated by plans, outlined in the government's Higher Education Green Paper, to 'consider a wider range of options for future REF exercises, such as making greater use of metrics'.⁹⁴ The study referenced above notes that citation metrics are helping to entrench the publishing oligopoly worldwide:

*'Young researchers need to publish in prestigious journals to gain tenure, while older researchers need to do the same in order to keep their grants, and, in this environment, publishing in a high-impact Elsevier or Springer journal is what "counts". In this general context, the negative effect of various bibliometric indicators in the evaluation of individual researchers cannot be understated.'*⁹⁵

Academic publishing is vicariously sustained at public expense, without providing any public benefit.

⁸⁶ Ibid. pp.3-5.

⁸⁷ Ibid p.11.

⁸⁸ Ibid. p.12.

⁸⁹ Ibid.

⁹⁰ T. Gowers, 'Elsevier journals — some facts', *Gowers's Weblog* (24/04/14): < <https://gowers.wordpress.com/2014/04/24/elsevier-journals-some-facts/>>.

⁹¹ Ibid.

⁹² V. Larivière, S. Haustein, P. Mongeon, 'The Oligopoly of Academic Publishers in the Digital Era', pp.10-11.

⁹³ 'REF Assessment Framework', pp. 25-26.

⁹⁴ 'Fulfilling our Potential: Teaching Excellence, Social Mobility and Student Choice', p.73.

⁹⁵ V. Larivière, S. Haustein, P. Mongeon, 'The Oligopoly of Academic Publishers in the Digital Era', p.13.

3. The campus inquisition

Universities are supposed to encourage free thinking. Intellectual inquiry, let alone scientific progress, cannot occur without it. Yet, rather than promote diversity of opinion, universities have increasingly come not only to encourage conformity, but actively to censor views that do not conform to a dogmatic political and cultural orthodoxy. 'No platform' policies deny nonconformist speakers the right to articulate their views, on the grounds that doing so may 'offend' students' sensibilities; yet university administrations often turn a blind eye to genuine extremists, who incite violence, often in capitulation to threats of violence from censorious student groups.

While the excesses of censorship are usually enforced by students, the impetus frequently comes not from the student body but from members of the faculty. This, too, owes in part to the role of the state. The professoriat encourages the same conformity in the student body that *dirigisme* promotes in research. Politically motivated academics are sustained by a system which can command ever higher revenue without generating greater or better outcomes, either in teaching or in research.

If university campuses have fallen under the ideological hegemony of an illiberal elite, the central planning of higher education has made it possible.

a) Ideological protectionism

Universities have a legal duty to uphold freedom of speech on campus. Section 43 of the Education Act 1986 mandates the governing bodies of higher education institutions to 'take such steps as are reasonably practicable to ensure that freedom of speech within the law is secured for members, students and employees of the establishment and for visiting speakers.'⁹⁶ These steps include 'the duty to ensure, so far as is reasonably practicable, that the use of any premises of the establishment is not denied to any individual or body of persons on any ground connected with— (a) the beliefs or views of that individual or of any member of that body; or (b) the policy or objectives of that body.'⁹⁷

Notwithstanding this obligation, the restriction of free speech and action is endemic in both universities and students' unions. The Free Speech University Rankings 2016, published by *Spiked*, found that 90% of British universities censor speech in some way, compared to 80% in 2015, while 55% mandate explicit restrictions on free speech, up from 41% in 2015.⁹⁸ The survey records that thirty universities and students' unions have banned newspapers, nineteen have banned speakers and events, and 39% have 'no platform' policies, barring speakers affiliated to a particular party, organisation, or country from campus – even though such policies were found to be illegal in court.⁹⁹

In one fifth of universities and students' unions, censorship is enforced under 'safe space' policies.¹⁰⁰ These ostensibly promote tolerance, value difference, and prevent discrimination, in an effort to prevent emotional distress and uphold equality. In practice, however, they entail discrimination, promote homogeneity, and protect intolerance – ensuring the emotional wellbeing of some only at the expense of that of others.

In some cases, 'safe-space' policies demand intolerance of certain forms of expression in order that the prohibitions of one religious group are universally upheld. Thus, in 2015, the University of Bristol Union, under its 'safe-space' policy, banned sales of *Charlie Hebdo* for displaying an image of the Islamic prophet Mohammed, days after the publication's Paris staff were massacred by IS-affiliated terrorists

⁹⁶ 'Education (No. 2) Act 1986', §43: <<http://www.legislation.gov.uk/ukpga/1986/61>>

⁹⁷ Ibid.

⁹⁸ 'Free Speech University Rankings 2016', *Spiked*: <http://www.spiked-online.com/free-speech-university-rankings/analysis/#.V7LWz_mAOko>

⁹⁹ Ibid.

¹⁰⁰ Ibid.

for the same reason.¹⁰¹ Similarly, in 2012, Reading University Students' Union ejected the Atheist Society from its freshers' fair for displaying a pineapple purported to depict the prophet.¹⁰²

Often, the 'safe-space' culture supports open discrimination against certain countries – notably Israel – and does not extend its protection to those who oppose the discriminatory policy. Thirteen students' unions back the Boycott, Divestment and Sanctions movement, which ultimately aims at the destruction of the State of Israel.¹⁰³ ¹⁰⁴ Far from providing a 'safe space' for students seeking to hear Israeli speakers, university authorities often fail to ensure the safety of attendees from violent protesters, or simply capitulate to the threat of violence by shutting the event down.¹⁰⁵ At Kings College, London, the 'safe-space officer' of the student union personally shut down an event featuring an Israeli speaker.¹⁰⁶

Indeed, 'safe-space' policies are often explicitly political. Thus, in 2014, the students' union at the University of Derby banned UKIP on the grounds of 'extremism', following complaints about the party's immigration policy.¹⁰⁷ The students' union at the University of Aberystwyth banned the *Daily Express* for running a petition calling for the extension of existing labour-market controls on Romanian and Bulgarian nationals.¹⁰⁸

These examples testify that the encroachment on free speech is not incidental to 'safe-space' culture, but rather the goal. Offence is impermissible only against certain groups, who may effect censorship merely by alleging the prospect of distress. By contrast, other groups find that the violation of their physical – let alone emotional – security is not only ignored, but often encouraged.

Students' unions effectively impose an inverse hierarchy of moral responsibility, whereby individuals and groups deemed privileged are denied the right to both free speech and security, while those deemed to be oppressed are not only excused of any wrongdoing when they condone oppression themselves but elevated to office because of it.¹⁰⁹ The only form of offence that is consistently prohibited is intellectual transgression against the prevailing dogma.

b) Safe space for extremism

While the general principle of free speech on campus has been eroded, the opportunities for extremist incitement on campus have multiplied. Over the last two decades, some two dozen students and recent graduates have been convicted of terrorism-related offences, or travelled abroad to fight for Islamist groups.¹¹⁰ Many were believed to have been radicalised during their studies.

Since 2006, the Government's Prevent strategy has required higher education providers to ensure that extremist individuals and organisations are not allowed to evangelise on their premises.¹¹¹ The Counter-Terrorism and Security Act (2015) imposed this responsibility on universities as a statutory duty.¹¹² However, just as universities have failed in their legal obligation to uphold free speech, there is evidence that many have failed to implement Prevent.

¹⁰¹ O. Dugmore, 'Charlie Heb-NO: Bristol SU bans 'unsafe' magazine targeted by terrorists', *The Tab* (14/01/15).

¹⁰² L. Sherriff, 'Reading University's Atheist Society 'Thrown Out Of Fair Over Blasphemous Mohammed Pineapple'', *Huffington Post UK* (4/10/12).

¹⁰³ 'Free Speech University Rankings 2016'.

¹⁰⁴ 'In their own words', *StopBDS*: <http://www.stopbds.com/?page_id=48>

¹⁰⁵ See e.g.: <<http://www.thejc.com/news/uk-news/102638/israels-deputy-ambassador-forced-flee-essex-university-lecture>>; <<http://thetab.com/uk/glasgow/2014/11/30/free-speech-israeli-ambassador-1989>>; <<http://www.spiked-online.com/newsite/article/kings-college-london-where-being-pro-israel-is-a-risky-business/17947#.V7HmNvmAOko>>

¹⁰⁶ T. Slater, ' "We don't feel welcome in our own universities" ', *Spiked* (18/12/14).

¹⁰⁷ G. Sheldrick, 'Ukip banned from speaking at student's union because of "extremist" views', *Daily Express* (17/03/14).

¹⁰⁸ 'Aberystwyth University Student Union Bans The Daily Express', *Huffington Post* (08/11/13).

¹⁰⁹ E.g. W. Lloyd, 'Watch future NUS president Malia Bouattia endorse violent struggle', *The Tab* (19/04/16).

¹¹⁰ R. Sutton, 'Preventing Prevent?', (Henry Jackson Society, 14/07/15) pp.12-14.

¹¹¹ *Promoting good campus relations, fostering shared values and preventing violent extremism in Universities and Higher Education Colleges* (Department for Innovation, Universities & Skills, 16/02/06 [updated 2008]) p.11.

¹¹² *Prevent Duty Guidance: for higher education institutions in England and Wales* (HM Government, 16/07/15) p.3.

Events featuring extremist speakers on campus remain a regular occurrence. The Henry Jackson Society (HJS) logged a total of 400 such events at UK universities between 2012 and 2014, featuring speakers who:

*'...promote the idea that there is a Western war against Islam; support individuals convicted of terrorism offences; express intolerance or opposition to non-believers and/or minorities; and espouse religious law as a method of socio-political governance – opposing democracy and pluralism in the process.'*¹¹³

HJS reported that 'the majority of these speakers are Islamist extremists'.¹¹⁴

Extremist activity has often been enabled by the bodies responsible for stopping it. Not only have some university authorities neglected their duty to enforce Prevent, but many students' unions have actively resisted it. HJS's investigation found that university and student-union staff often treat Prevent as a low priority, while many students' unions have complied with a resolution passed by the National Union of Students not to engage, comply with, or legitimise Prevent.¹¹⁵

Supporters of unbound free speech understandably object to the Prevent strategy in principle; yet the failure of its implementation is nonetheless concerning, even from a libertarian perspective. In the context of wider illiberalism on campus, it is telling that speakers whose sole purpose is to promote illiberalism are often unchallenged by the authorities, and actively defended by students' unions.

c) Freedom of censorship

The preceding might suggest universities are negligent in upholding their legal obligations with regard to both free speech and extremism. Yet this is not necessarily so; for the obligations imposed on them by government are arguably inconsistent. Universities must not only balance their duty to uphold free speech with the contrary duty to censor extremists, but also further responsibilities relating to equality, harassment, and security. In practice, far from defining the acceptable conduct of university authorities, these conflicting obligations may give them significant freedom over who and how to censor.

Guidance issued to universities by Universities UK demonstrates the complexity of the obligations relating to freedom of speech. Under the Equality Act 2010, universities are liable not only for acts of unlawful harassment committed by their employees, but also those committed by students and third parties toward staff and students.¹¹⁶ Since verbal harassment includes discrimination on the grounds of race, sexuality, religion, and disability, among others, the law may, in certain circumstances, require universities to silence speakers. Hence, Universities UK states: 'Equality and discrimination legislation is a significant civil law constraint on the freedoms of speech and expression and on academic freedom.'¹¹⁷

Universities are also obliged, in certain circumstances, to intervene in events where there is a risk to students' security. Universities are required by health and safety legislation to ensure the welfare of both students and staff under their care.¹¹⁸ If the safety of speakers or attendees is threatened, for example by the prospect of violent protest, a university is permitted to cancel the event, rather than provide the security resources necessary to allow it to go ahead.¹¹⁹

The effect of these conflicting legal demands on universities is not merely that the course of action to be followed is unclear, but that any course of action is potentially justifiable. There is ample leeway both

¹¹³ Sutton p.17.

¹¹⁴ Ibid.

¹¹⁵ Ibid. pp.42-43.

¹¹⁶ *Freedom of speech on campus: rights and responsibilities in UK universities* (Universities UK, 02/2011) p.56.

¹¹⁷ Ibid. p.55.

¹¹⁸ *External speakers in higher education institutions* (Universities UK, 11/2013) p.11.

¹¹⁹ Universities UK (2011) p.66.

to shut down 'controversial' events, on the grounds of harassment or security, and to allow them to go ahead, on the basis of the duty to uphold free speech. In practice, therefore, university authorities may be able to pick and choose who has the right to speak. This may explain both restrictions on free speech and the failure to implement Prevent.

d) *Dirigisme* vs. diversity

The examples cited above might suggest that the culture of censorship is pioneered by students' unions, and merely abetted by university authorities; yet, in many cases, academics have led the charge. In *Academic Freedom in an Age of Conformity*, Joanna Williams emphasises that scholars have promoted the idea that 'academic freedom' should give way to 'academic justice' – meaning that the priority of a university is no longer intellectual progress, via free inquiry, but the political goal of 'fairness' through the elimination of 'oppression', as defined by its prospective eliminators.¹²⁰ The express aim of many scholars, she argues, is to politicise the academy, often using the veil of academic freedom to mask their true objective.¹²¹ Williams suggests that those academics who are uncomfortable with the new culture of censorship today should recognise their own responsibility for creating it:

*Some academics are now looking on in dismay and confusion at a new generation of illiberal and censorious student activists. It is as easy, and tempting, to blame students for the collapse of academic freedom as it is to blame government legislation or the influence of big business. But to do so would be a cowardly denial of the role that scholars themselves have played in persistently undermining the fundamental principles of academic freedom.*¹²²

The spread of illiberalism at universities transcends countries and systems of governance. However, in the UK, it has been abetted by government policy. As Williams acknowledges, the government has pushed policies nominally designed to promote equality but actually favouring particular groups:¹²³ exhorting universities not only to censor discrimination against minorities in speech, but also to discriminate in favour of minorities in both admissions policy and the award of research funding.^{124 125} This agenda lends itself to the prioritisation of 'academic justice' over 'academic freedom'.

Moreover, an illiberal academic culture is only sustainable thanks to the current system of public subsidy. As discussed in section 1 above, academics are not in practice beholden to the demands of students, in spite of the rise in tuition fees – as the fall in teaching hours demonstrate. Rather, as discussed in section 2, much of their funding originates in research grants, which are in effect awarded by their peers, who share their views, and can refuse funding to those who openly dissent from the orthodoxy. Some academics are effectively maintained at public expense in order to pursue a political agenda.

4. Universities after Brexit

In the run-up to the referendum on the UK's membership of the European Union, the higher education sector staunchly supported Remain. Universities portrayed Brexit as a major risk to research funding, international scientific collaboration, and international exchange programmes for students. Universities UK, the representative body for universities, led a campaign group titled Universities for Europe aimed at demonstrating the value of the EU to both British universities and, vicariously, the UK's economy more broadly, and asserting that would be lost upon a vote to leave the EU.¹²⁶

¹²⁰ J. Williams, *Academic Freedom in an Age of Conformity*, p.176.

¹²¹ Ibid. pp.179-180, 188-190.

¹²² Ibid. p.194.

¹²³ Ibid. p.182.

¹²⁴ Re admissions, see 'Introducing access agreements' (Office for Fair Access): <<https://www.offa.org.uk/universities-and-colleges/introducing-access-agreements/>>

¹²⁵ Re research funding, see: 'Equality and diversity in the 2014 Research Excellence Framework' (Equality and Diversity Assessment Panel, 01/2015) p.4: <<http://www.ref.ac.uk/media/ref/content/equal/EDAP%20final%20report.pdf>>

¹²⁶ See 'Universities for Europe' (Universities UK): <<http://www.universitiesuk.ac.uk/policy-and-analysis/Pages/universities-for-europe.aspx>>

Yet the key warnings made by the higher education sector during the campaign do not bear scrutiny. EU research funding for British universities is already predominantly funded by British taxpayers, according to Treasury estimates, and has already been guaranteed by the government. There is also substantial precedent for Britain continuing to participate in EU research and exchange programmes even as a non-EU country.

Moreover, leaving the EU allows Britain to redress some of the imbalances and problems in higher education and science that the EU has created. Under EU law, British universities are bound to offer places to EU students at the same fees as British students, and EU students are eligible for UK student loans. Yet figures from the Student Loans Company (SLC) demonstrate that EU students are far less likely to repay the loans, with a substantial proportion becoming lost to the loan company upon their leaving the UK. The EU's Clinical Trials Directive, meanwhile, has significantly impeded non-commercial clinical trials in the UK.

Indeed, far from harming the higher education sector, Brexit may create new opportunities for international research collaboration beyond the EU, while leaving the current architecture for EU collaboration intact.

a) Fears unfounded

Prior to the referendum, universities warned that a vote to Leave would cost universities hundreds of millions of pounds in 'EU funding' for research.¹²⁷ This claim, however, overlooks Britain's contribution to the EU's research & development budget. The Higher Education Statistics Agency records that, in 2014/15, British universities received a total of £725 million from EU government bodies.¹²⁸ Yet, at the same time, Britain's indicative budget contribution to EU R&D expenditure amounted to £600 million in 2014, according to HM Treasury:¹²⁹ 83% of the total received by British universities. Thus, even excepting the fact that Britain is a huge net contributor to the EU more generally, the vast majority of EU funding for research in the UK originates from British taxpayers. It should hardly be surprising, therefore, that the British government has guaranteed to 'replace' EU research funding after Brexit:¹³⁰ to a great extent, it already funds those grants.

In fact, the UK could likely choose to maintain EU research collaborations and funding, by continuing to participate in Horizon 2020 subsequent to Brexit. Several non-EU countries currently do so, including Iceland, Norway, and non-EEA Israel, Turkey, Tunisia, and Georgia, among others.¹³¹

The same is true of exchange programmes. A number of non-EU countries participate in Erasmus+, with various different forms of membership. Macedonia, Liechtenstein, Turkey, Iceland, and Norway are all full participants in Erasmus+, while 23 other countries neighbouring the EU – from Lebanon to Russia – are Erasmus+ partner countries.¹³² Britain could likewise participate in Erasmus+ even after Brexit.

b) Debts unpaid

On average, EU students place a greater financial liability on British taxpayers than UK students. The SLC records that 24.5% of EU borrowers are not repaying either because they are resident overseas and formally in arrears or have failed to provide details of their income, or because their situation is entirely

¹²⁷ E.g. A. Davis, 'Brexit "could cost universities millions in research funding"', *Evening Standard* (23/05/16).

¹²⁸ 'Finances: Table G - Income from research grants and contracts 2014/15' (HESA, 2016).

¹²⁹ 'UK government expenditure on science, engineering and technology: 2014' (Office for National Statistics, 15/07/16) §10.

¹³⁰ 'Brexit: Government guarantee for post-EU funds' (BBC, 13/08/16): <<http://www.bbc.com/news/uk-politics-37060430>>

¹³¹ 'Associated Countries', (European Commission Directorate-General for Research & Innovation, 04/2016):

<http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/hi/3cpart/h2020-hi-list-ac_en.pdf>

¹³² 'Participating Countries' (Erasmus+): <<https://www.erasmusplus.org.uk/participating-countries>>

unknown to the SLC.¹³³ The comparable figure of all borrowers, who are not repaying either because they are resident overseas or unknown to the SLC, is 1.9%.¹³⁴

One of the reasons for the discrepancy is a comparatively high proportion of EU borrowers, now living overseas, whom the SLC has been unable even to locate. According to the SLC, in 2014-15, only 58% of EU borrowers overseas due to repay after April 2015 were correctly identified, compared to 73% of UK borrowers living overseas.¹³⁵ The government notes, 'while the absolute amount of "missing" repayments from EU borrowers is smaller, it represents a larger proportion of their total balances.'¹³⁶ British taxpayers are therefore subsidising EU students to a greater extent per capita than UK students.

c) Research restricted

The EU's Clinical Trials Directive, which came into force in the UK via the Medicines for Human Use (Clinical Trials) Regulations in 2004, has significantly harmed medical research in the UK. The House of Commons Science and Technology Committee reported that, the UK's global share of patients in pharmaceutical trials fell from 6% to 1.4% between 2000 and 2006, while the number of trials conducted in the UK also dropped by 22% between 2007 and 2011.¹³⁷ Research by Cancer Research UK found that the Directive had doubled the cost of non-commercial cancer trials, raised administrative costs of clinical trials by 75%, and increased the time between protocol finalisation and the inclusion of the first patient on a trial by 65%.¹³⁸ A review of health research conducted by the Academy of Medical Sciences in 2011 noted that 'compliance with the Directive has increased the administrative burden and cost of clinical trials for both non-commercial and commercial sponsors with no discernible improvements to patient safety or to the ethical basis of clinical trials.'¹³⁹

II. The right remedies

The government's proposed reforms to higher education will do little to confront the major problems in the sector. Neither deregulation nor the Teaching Excellence Framework will cut inflated fees, nor usefully distinguish between different courses and institutions. UKRI will not simplify research bureaucracy, prevent gaming the system, or promote innovation, rather than homogeneity. Censorship of dissent from political orthodoxies on campus – and the law's role in enabling it – will remain unaddressed.

Tackling these issues requires a different approach. The price of higher education needs to reflect its value. Research funding needs to be diversified. Conflicting regulation that allows universities to censor at will needs to be clarified to prioritise free speech. In short, the state's role in higher education needs to be corrected.

At the same time, a constructive response to Brexit is necessary – on the part of both government and the universities. Discussion needs to move beyond unfounded fears to new opportunities. Brexit provides a generational chance to consider the future of international research collaboration, and it should be used wisely.

¹³³ *Student Loans in England Financial Year 2015-16* (Department for Business, Innovation & Skills & Student Loans Company, 16/06/16) Table 3B (ii): <<http://www.slc.co.uk/official-statistics/student-loans-debt-and-repayment/england.aspx>>.

¹³⁴ Ibid. Table 3A(ii).

¹³⁵ 'Student Loan Repayment for Sustainable Higher Education', HM Government, p.12.

¹³⁶ Ibid. p.8.

¹³⁷ *Clinical Trials*, House of Commons Science and Technology Committee (09/09/13), p.13.

¹³⁸ 'Policy statement: EU Clinical Trials Directive', Cancer Research UK (09/2010), p.4:

<http://www.cancerresearchuk.org/prod_consump/groups/cr_common/@nre/@pol/documents/generalcontent/cr_070475.pdf>

¹³⁹ Professor Sir Michael Rawlins (review chair), *A new pathway for the regulation and governance of health research* (Academy of Medical Sciences, 01/2011), p.44.

1. Cutting fees – and upping choice

a) Make fees reflect value

If students are the main beneficiaries of higher education, it is right that they should bear the bulk of the cost. It is unreasonable to expect taxpayers who never attend university to subsidise those who do, especially if the latter become higher earners. However, it is equally unreasonable that students should be expected to pay significantly more for their education if the promise of higher earnings never materialises. Nor is it right for the HE sector to grow if that is to the detriment of students and taxpayers.

Fees need to be reformed to represent the value of different courses and institutions better. The interests of universities should be aligned with those of students, taxpayers, and employers. The price of a course should better inform applicants of the long-term financial implications of taking it – i.e. graduate earning potential. Courses and institutions that deliver poor prospects for graduates, and poor returns for taxpayers, should no longer be among the most expensive.

One way to achieve this is to use earnings data from graduates to create a specific RAB charge, which projects the likely loss to the government (see section 1d above) not only for individual universities but also individual courses. Higher-education analyst Andrew McGettigan explored this possibility as far back as 2011, writing:

*'The system of repayments to the Student Loans Company through payroll deductions gives the company access to a huge database of graduates, their earnings and their repayments. This data can, in principle, be broken down by university, and even by course, with loans for tuition fees separated from loans for maintenance.'*¹⁴⁰

This data could then be used both to improve value for taxpayers and inform applicant choice. McGettigan continues:

*'The specific RAB charge for each course could be offered to applicants as an indication of their likely future earnings. RAB charges then work two ways, both to illuminate taxpayer value and the value to the individual of their potential investment.'*¹⁴¹

Calculating course-specific RAB charges in this manner would not produce a perfect projection of future earnings; but it would, nonetheless, usefully distinguish between courses. Differences between RAB charges would arise from disparities between the current earnings of the graduates of each course. Even if overall long-term projections for repayments were incorrect, therefore, the variation between individual course-specific RAB charges would still be instructive, as it would reflect real differences in existing earnings data.

Course-specific RAB charges should, therefore, be used to link fees directly with graduate earnings by reducing the fee cap for those courses that cost taxpayers the most, while maintaining the current maximum fee. Each course at each institution should have its own fee cap, determined by its individual RAB charge, which should be calculated by a body independent of the Department of Education, such as the OBR. Universities would, therefore, have an incentive to expand courses with the lowest RAB charge for which the demand from employers is greatest, such as engineering, while reducing places on those with the highest RAB charge.

The reductions in fee caps should be proportional to the RAB charge for each course. Those courses with a projected RAB charge of above a baseline percentage should have their fee cap reduced

¹⁴⁰ A. McGettigan, 'Shifting the Risk', *Research Fortnight* (30/11/11) p.3: <<http://exquisitelife.researchresearch.com/files/rf-special-4-pt-2.pdf>>

¹⁴¹ A. McGettigan, 'Shifting the Risk' p.4.

proportionally on a sliding scale: for every 1% a course's projected RAB charge exceeds that level, for example, its fee cap could be cut by 1%. A reasonable initial baseline percentage for the RAB charge might be the government's original projection of 28%, at the old discount rate of RPI+2.2%.

This system should then be amended over time. The fee caps for individual courses should be revised, to reflect changes to the earnings data underlying course-specific RAB charges, every two years. Universities would, consequently, be encouraged to review the courses they offer on a regular basis. The baseline percentage should also be revised down incrementally. Fees would then be more closely aligned with graduates' long-term earning potential and employer demand.

The chief beneficiaries of fees based on course-specific RAB charges would be students. Not only would fees for many subjects be lower but, more importantly, applicants would be able to make a better informed choice, as different fees would reflect different career prospects. Students might also expect to receive greater assistance from their university in finding work, as universities would have a greater incentive to help their graduates to do so.

Employers and taxpayers would also benefit. The expansion of courses in high professional demand would help to address skills shortages, while cutting fees for the courses with the highest RAB charge would diminish the overall public liability for tuition fees.

By thus reducing the contribution to higher education from taxpayers, RAB charge-adjusted fee caps could free up resources for other priorities, including further education. In recent years, budgets for further education have been squeezed in favour of higher education.¹⁴² Reducing taxpayer subsidies for those HE courses with the lowest return could not only enable greater funding for FE but also support demand, as applicants would increasingly consider FE courses that HE may currently be crowding out.

Some financially unviable courses would, therefore, be phased out, and a somewhat higher proportion of school leavers may choose to start work or enter further education instead. This would correct what, at least in some areas, has been the overexpansion of the university sector, partly based on an arbitrary target of 50% of school leavers entering university.

Ultimately, though, universities would gain from this fee model as well. Although some institutions and courses would shrink their intake, others would likely expand. Moreover, the long-term funding for the HE sector would be more secure. Financing degrees increasingly through private earnings, rather than public subsidy, would mean that the precariousness of the public finances, with the attendant possibility of budget cuts, would be much less likely to affect universities in the future.

b) Scrap the UCAS application cap

Restricting prospective students to five university choices puts the convenience of universities ahead of the best interests of applicants; the cap ought to be lifted. Applicants should be free to apply to as many universities as they wish. Rather than the current payments system (£13 to apply to one course, £24 for multiple applications), applicants should pay a flat fee per application to cover administrative costs.

In addition, rather than forcing applicants to accept a maximum of two conditional offers (one first-choice and one insurance) in advance of the publication of A-Level results, they should be able to accept up to three conditional offers as insurance, ranking them in order of preference. This would prevent applicants from having to settle for a course with a low offer merely as a safety net, while universities would still have a good indication of the number of students likely to enrol.

¹⁴² See e.g. 'What will 24% cuts mean to further education in England?' (UCU, 06/2015): <http://fefunding.org.uk/files/2015/03/FE_cuts_briefing_June15.pdf>

2. Reforming research

a) Crowd in teaching

The government accepts that teaching has become a 'poor cousin' to research. Yet it fails to acknowledge that a system that provides separate research funding crowds out teaching. If teaching is to be treated with equal weight to research by universities, it needs to be a complement – rather than a rival – to teaching.

Rather than a hard division between teaching and research, the award of public research funding should take the benefits of research for broader education, including teaching, into account. The next research assessment exercise could go some way toward achieving this by removing the exclusion of impact internal to a university from impact assessment, or even making internal impact on teaching a separate criterion by which to assess the value of research.

b) Diversify research funding

The dependency of universities on public subsidy for a major proportion of their research funding has produced a number of unintended but undesirable consequences – from excess bureaucracy to the entrenchment of academic orthodoxies. Addressing these problems requires a gradual shift toward a more diversified funding model.

Public research funding should continue, and the government is right to guarantee existing levels of funding in the years following Brexit (see section 4 below); however, in the decades ahead, universities should be less dependent on research funding from government. A greater proportion of research funding should come from non-government sources, whether from the private or the voluntary sector. To achieve this, direct public subsidy for research should gradually be reduced, while R&D tax credits should concomitantly be extended to incentivise funding from other sources.

c) Public funds, open access

Members of the public are too often unable to read research that they fund through their taxes. State funds for research provide an indirect subsidy to a publishers' cartel, which restricts access with high fees. Universities are forced to waste library budgets on journal subscriptions, at exorbitant cost. This needs to be remedied.

Open-access publication of research should therefore be made a condition of public funding. The result would be not only to enable a wider range of teachers, institutions, and individuals to benefit from publicly funded research, but also to end the effective subsidy for the publishing oligopoly. Those publishers that continued to require paid subscriptions would lose market share, while open-access journals would increase in prestige. Subscription costs for university libraries would start to fall. Cutting the effective public subsidy for commercial publishers would begin to break the cartel.

3. Making free speech safe

Conflicting legislation enables universities and students' unions to avoid their legal duty to uphold free speech. Other obligations, such as that to maintain security on campus, often seem to override it. Under the rubric of maintaining security, universities can capitulate to the threat of violence from protestors seeking to censor certain speakers. New guidance from government is needed to remedy this ambiguity.

If the duty to uphold free speech is to carry any weight, it must apply in tandem with the obligation to maintain security. Rather than shut events down, universities should be required to provide the security apparatus and personnel necessary to keep students and speakers safe from protestors. The government should therefore issue new guidance to the higher education sector to this effect.

4. Building on Brexit

a) Keep collaborating

Universities are concerned that they would be unable to continue collaborating with European universities after the UK leaves the EU. Yet there is precedent for non-EU countries to participate in both Horizon 2020 and ERASMUS+. The government should consider higher education collaboration in Brexit negotiations, with a view to enabling universities to continue to participate in these programmes, provided the costs of doing so do not outweigh the benefits.

However, Brexit may also be a useful juncture for the government and the higher education sector to consider collaborations beyond the EU, where an institutional framework does not yet exist. The rapid growth of an educated middle-class in India, China, and other developing countries has entailed the expansion of higher education. Rising economic powers stand to play an increasing role in science and research. The UK could stand to gain more by expanding research partnerships with non-EU countries than privileging those within the EU.

b) Remove EU restrictions on science

Post-Brexit, legislation based on the Clinical Trials Directive should be replaced with new rules that cut the cost and bureaucracy of clinical trials, and enables the sector to grow. The government should work with the sector to establish the best way forward. While critical of the Clinical Trials Directive, British medical bodies have generally been more favourable to the EU's Clinical Trials Regulation, which is set to replace the Directive in 2018, possibly before Brexit.¹⁴³ Brexit gives Parliament the freedom to retain any beneficial aspects of the new regulation, while amending or replacing elements that continue to impede clinical trials.

Concurrently, Parliament should review the body of EU law that will be transposed into UK law via the Great Repeal Bill from the perspective of science, and identify other regulations that could be amended or replaced in order to foster research and innovation.

c) Set EU fees fairly

Currently, EU students are able to attend university in Britain and borrow the funds to do so on the same terms as British students, even though they impose a greater risk and, ultimately, cost on the public purse. This is neither fair nor sustainable.

After Brexit, therefore, EU students should be charged the same fees as other international students. Their education, like that of other international students, should not be subsidised by British taxpayers. EU students should no longer have the right to borrow from the SLC.

¹⁴³ See 'Clinical Trials', NHS European Office (05/01/17): <<http://www.nhsconfed.org/regions-and-eu/nhs-european-office/influencing-eu-policy/clinical-trials>>